



Revised 1996
SF 21926

**SCHEDULE
LIC**

Indiana Department of Revenue
**Enterprise Zone
Loan Interest Credit**

TAX YEAR ENDING: _____ **19** _____

(Attach completed form to annual income tax return)

Name of taxpayer (lender)	Social security or federal identification number
Street address	Taxpayer's calendar or fiscal year
City or town, state and zip code	County
Taxpayer's telephone number ()	

PART I		Loan Information	
Name of borrower	Location name of Enterprise Zone		
Street address			
City or town, state and zip code	County	Borrower's telephone number	
Purpose of loan		Borrower's social security or federal identification number	

PART II		Credit Calculation	
1. Qualified interest income received from loan described in PART I.....		1.	\$
2. Loan Interest Credit - multiply the amount on line 1 by 5% (.05).....		2.	\$

PART III					Enterprise Zone Interest Credit Carryover														
Enter below the tax period during which the Enterprise Zone Loan Interest Credit originated. Also enter the amount of the credit as it appeared on the original return. DO NOT enter the sum of this year's credit plus any available credit carryover; rather, complete separate schedules for each year a credit is available.																			
					<table border="1"><tr><th>Tax Year Ending</th><th colspan="4">Enterprise Zone Loan Interest Credit Available For Carryforward</th></tr><tr><td></td><td></td><td></td><td></td><td></td></tr></table>					Tax Year Ending	Enterprise Zone Loan Interest Credit Available For Carryforward								
Tax Year Ending	Enterprise Zone Loan Interest Credit Available For Carryforward																		
(1)	(2)	(3)	(4)	(5)															
Credit Carryforward	Total Amount of Tax	Type of Tax Liability Reduced	Amount Applied	Unused Credit															
1st Following Tax Year																			
2nd Following Tax Year																			
3rd Following Tax Year																			
4th Following Tax Year																			
5th Following Tax Year																			
6th Following Tax Year																			
7th Following Tax Year																			
8th Following Tax Year																			
9th Following Tax Year																			
10th Following Tax Year																			

I certify, I have examined this schedule, and to the best of my knowledge and belief, the information contained in this schedule is true, correct and complete.

Signature of taxpayer: _____ Title: _____ Date signed: _____

Enterprise Zone Loan Interest Credit

I.C. 6-3.1-7-1 provides that a taxpayer in good standing with the Enterprise Zone Board is entitled to an income tax credit of 5% (.05) of the interest income received from qualified loans made to entities using loan proceeds for purposes directly related to businesses located in an enterprise zone or for improvements increasing the assessed value of real property located in an enterprise zone. A "qualified loan" also includes loans made for rehabilitation, repair, or improvement of a residence located within an enterprise zone. Any credit unused in a taxable year may be carried forward up to ten years from the date of the loan until the enterprise zone terminates.

Certain portions of the following cities have been designated state enterprise zones. The cities with enterprise zones include Anderson, Bedford, Bloomington, Connersville, East Chicago, Evansville, Fort Wayne, Gary (urban), Hammond, Indianapolis, Kokomo, Lafayette, Marion, Michigan City, Muncie, Richmond, South Bend, and Terre Haute (urban). Also, certain airport development zones may substitute as enterprise zones.

The credit is applied to reduce the following state tax liabilities of each qualified taxpayer:

1. Gross income tax;
2. Adjusted gross income tax (excluding county income tax);
3. Supplemental net income tax;
4. Insurance premiums tax;
5. Financial institutions tax.

Generally, a qualified taxpayer for purposes of the loan interest credit excludes those entities not having any direct state income tax liability such as: S corporations, partnerships, limited liability companies treated as partnerships, and not-for-profit organizations (with no unrelated tax liabilities).

For purposes of the loan interest credit, interest includes service charges, time-price differentials and all other charges for the use of money. Interest received from loans and lines of credit existing at the time an enterprise zone was designated qualify for the credit if the proceeds are used for a qualified purpose. The loan proceeds must be used for a purpose directly related to a business located in an enterprise zone or for an improvement increasing the assessed value of real property located in an enterprise zone. Thus, interest from mortgage loans to acquire property does not qualify unless the property is used for business purposes (including renting or leasing).

If the proceeds of a loan are used to both acquire and improve real property and the acquisition is not for a business purpose, only that portion of the interest attributable to the improvement of the property would qualify for the loan interest credit. If the loan proceeds are used to acquire business property which is subsequently removed from an enterprise zone, only the interest received while the property was used for a business purpose within the enterprise zone would qualify for the credit.

Financial institutions may attach a list of borrowers, including the information in Part I and the amount of each loan, instead of completing a separate schedule for each borrower.

The credit should be claimed on the credit line of the annual tax return. Refer to Income Tax Information Bulletin #66 for additional information. Questions concerning enterprise zone income tax provisions should be directed to:

Indiana Department of Revenue
Compliance Division
Corporate Income Tax Section
100 N. Senate, N203
Indianapolis, Indiana 46204-2253
(317) 232-2189

For questions concerning other provisions related to enterprise zones and current locations within the designated cities, contact:

Indiana Department of Commerce
Community Development Division
Enterprise Zone Program
One North Capitol, Suite 700
Indianapolis, Indiana 46204-2288
(317) 232-8911